BRITISH COLUMBIA

BC STATS

Ministry of Management Services

Infoline

Contact: bcstats.infoline@gems6.gov.bc.ca Issue: 03-24 June 13, 2003

- **BC manufacturing shipments continue to fall in April**
- **Exports weaken as dollar rises**
- **Housing starts remain volatile**

The Economy

- **Shipments of goods manufactured in British Columbia continued to fall in April, edging down 0.6% (seasonally adjusted) from March.** Shipments have been weak since late last year, and April's decline was the fourth in as many months. Wood industry shipments slumped (-4.1%) for the third time since the beginning of the year. Shipments by most other durable goods producers were also down. The exception was computer and electronic products, which bounced back (+26.2%) after dropping (-3.1%) in March. Overall, shipments by BC manufacturers of durable goods were down 1.6% from March. Manufacturers of non-durable goods (+0.8%) fared better, despite a stall (-0.3%) in the paper industry. Food shipments edged up 0.4% and producers of chemicals (+13.2%) and petroleum and coal products (+1.8%) made solid gains.

  Canadian manufacturers had a disappointing month, with shipments falling 3.4% overall as shipments were down in seven provinces. In Ontario, the value of shipments plunged 4.0%, while Alberta saw a 7.9% decline. Newfoundland (+1.4%), Manitoba (+1.3%) and Saskatchewan (+1.2%) were the only provinces to post an increase. *Source: Statistics Canada*

- **BC product exports were virtually unchanged (+0.4%) this April, compared to the same month last year, despite a big drop (-21.4%) in the value of forest product exports.** Energy exports, which were nearly double (+97.4%) the April 2002 value, continued to boost the value of exports, offsetting the weakness in the forest sector. The value of machinery and equipment (+3.7%) exported to the US and overseas continued to advance.

  In the rest of Canada, exports were down 5.1% (year-over-year) in April. Alberta (+10.7%), which continues to benefit from a booming world market for energy products (its energy exports rose 27.3% in April), was the only province to post an increase. In contrast, Ontario (-7.2%) saw international markets for automotive products (-10.0%) and machinery and equipment (-11.5%) weaken.

  The Canadian dollar has been gaining strength since late last year, and is currently at its highest level relative to the US greenback since mid-1997. Further increases in the value of the loonie may well put pressure on BC producers, as their goods, many of which are destined for use in the US, become more expensive to foreign buyers.

  Source: Statistics Canada & BC Stats

  Seasonally adjusted export data for BC are not yet available. They will be released next week.

- **Sales of new motor vehicles in BC remained weak in April, falling 3.2% (seasonally adjusted) on the tail of an 8.6% decline in the previous month.** Canadians in all parts of the country stayed away from new car dealerships, with sales declining 3.8% overall.

  Source: Statistics Canada

Housing

- **Housing starts in the province continued to seesaw in May, dropping 17.1% (seasonally adjusted) after posting a similar gain in the previous month.** Starts were down 4.7% at the national level, largely because of weakness in BC, Alberta (-10.7%) and Saskatchewan (-45.8%). Although housing starts rose slightly in Ontario (+0.7%) and Quebec (+1.2%), new construction activity in those

Report Canada talks trade with Turkey

Did you know...
Nearly half (47%) of young Canadian men and a third (35%) of young women aged 20 to 29 lived with their parents in 2001. That's up from 34%, and 21%, respectively, in 1981.

provinces is currently below the levels seen earlier in the year. *Source: CMHC*

- **The cost of new housing in BC's two biggest cities continued to climb in April.** The new housing price index was up 8.4% (year-over-year) in Victoria and increased 2.7% in the Vancouver area. Prices for new housing in both cities have been rising since early 2001, but still remain well below 1992 levels. Victoria's 8.4% increase in April was the second highest in the country, after Quebec City (+9.6%). Strong markets for new housing also contributed to above-average price increases in many other centres.

Source: Statistics Canada

University Finances

- **BC universities collected $2.2 billion in revenues for the 2001/02 school year, more than half (58%) of which came from government grants and contracts.** Student fees (16%) were the next biggest source of income, followed by sales of services and products (15%). Bequests, donations, and other grants and contracts contributed another 8% to the pot. Quebec (11%) was the only province where student fees represented a smaller share of the total income of universities than in BC. Nationally, fees account for an average of 20% of university revenues. The biggest expense for universities is salaries and benefits, which accounted for 61% of total spending in BC. About 3% goes to pay for scholarships and bursaries.

Source: SC, The Daily

Couples Living Apart

- **One in twelve Canadian couples who were maintaining a relationship with each other resided at separate addresses in 2001.** Most (56%) of them were young adults in their twenties, but many older couples also opted for this living arrangement. Nineteen percent of couples living apart were in their thirties, 14% were in their forties, and 11% were aged fifty and over. More than a third (36%) of the people who were living away from their partners were residing with their parents. About half of the couples who lived apart expected to live common-law with their current partners at some time in the future.

Source: SC, The Daily

Less Fruit, More Veggies

- **Canadian farmers intend to put slightly less acreage into fruit production this year, but they will be planting more vegetables, particularly sweet corn and carrots.** Growers intend to cultivate 244,000 acres in fruit (down slightly from 2002) and 291,000 acres in vegetables, a 5% increase relative to 2002.

Source: Statistics Canada

The Nation

- **Labour productivity in the Canadian business sector fell 0.2% in the first quarter.** This was the third consecutive productivity decline–the longest series of declines since the recession of the early 1990s. *Source: SC, The Daily*

- **Operating profits of Canadian businesses soared in the first quarter (+10.6%, seasonally adjusted), fuelled by the oil and gas and banking industries.** Profits in the oil and gas sector skyrocketed (+57.1%) to levels not seen since the Gulf War. Profits at chartered banks and other depository intermediaries were up 25.0%. However, other industries did not fare as well, and excluding these two sectors, Canadian industries would have posted a much more modest gain of 1.2%. Transportation carriers, who were hard hit by escalating fuel costs and uncertainties due to the situation in Iraq, saw profits slump (-9.3%) for the second quarter in a row.

Source: Statistics Canada

- **Canadian firms operated at 82.8% of full capacity in the first quarter of the year.** Capacity utilization in the manufacturing industry was 84.1%. Producers of wood (99.2%) and paper (93.5%) products were operating at near-full capacity. This compares to utilization rates of 87.7% and 86.5%, respectively, a year earlier. In the logging industry, the rate rose from 69.3% to 83.5% over the same period. However, producers of computer and electronic products scaled back to just 62.7% of full capacity. *Source: Statistics Canada*

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Infoline Report

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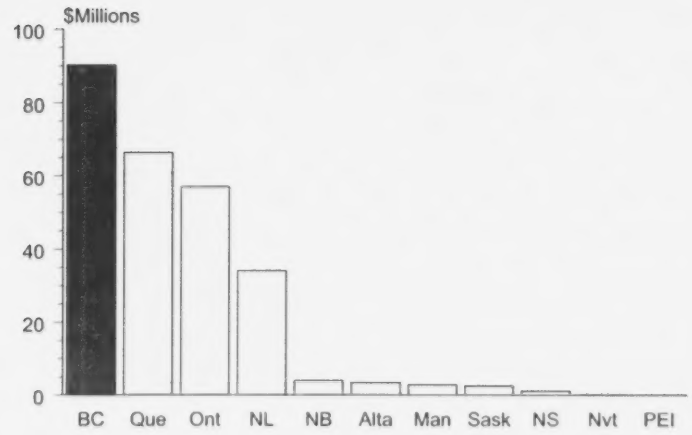
Author: Dan Schrier, (250) 387-0376
Originally published in *Exports*, Issue 03-03. Annual subscription $60 + GST

Canada Talks Trade with Turkey

Turkey and Bulgaria will be the focus of a Canadian trade mission from May 21 to 29. Currently, trade between Canada and Bulgaria is not very significant, with two-way trade amounting to just over $85 million in 2002. BC exports to Bulgaria were valued at just over $169 thousand. However, Turkey has been a far more important trade partner for both Canada as a whole and British Columbia in particular. Two-way trade between Canada and Turkey was worth about $666 million in 2002 and BC was the source of over a third of Canadian domestic exports to Turkey. In fact, BC ranked first among the provinces in terms of commodity exports to Turkey. Turkey was the destination for more of BC's goods than either Mexico or Chile, with which Canada has free trade agreements. Of all BC commodity trade to the Middle East, almost half (49%) went to Turkey in 2002.

Of the two countries involved in the next Canadian trade mission, Turkey is by far the more significant trade partner for both Canada and BC

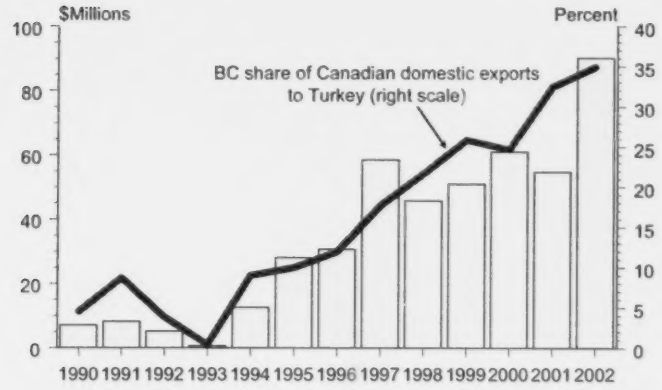
BC ranks number one among the provinces in terms of commodity exports to Turkey



In 2002, BC was the primary Canadian source of commodity exports to Turkey

British Columbia's exports of goods to Turkey have been increasing steadily over the last decade, such that the value of BC origin exports to Turkey is well over ten times what it was in the early nineties. BC's share of Canadian exports has expanded correspondingly, rising from between 5 and 10 percent in the early nineties to almost 35% in 2002. By comparison, second ranked Quebec was the source of 25% of Canada's commodity exports to Turkey.

BC origin commodity exports to Turkey have been rising steadily over the last decade



BC's share of Canadian exports of goods to Turkey has increased substantially over the last decade such that BC was the source of over a third of Canada's exports to Turkey in 2002

2002 Exports to Turkey
- Selected Commodities -

	BC ($,000)	% of Total	Canada ($,000)	% of Total	BC % of Cdn. Exports
SOLID WOOD PRODUCTS	**60.1**	**0%**	**598.6**	**0%**	**10%**
PULP & PAPER PRODUCTS	**294.9**	**0%**	**48,592.3**	**19%**	**1%**
Pulp	0.0	0%	12,854.0	5%	0%
Newsprint	0.0	0%	34,341.0	13%	0%
Paper, Paperboard, Exc. Newsprint	294.9	0%	1,095.1	0%	27%
Other Pulp & Paper Products	0.0	0%	302.2	0%	0%
AGRICULTURE & FOOD (including FISH)	**118.5**	**0%**	**9,974.4**	**4%**	**1%**
Vegetables	118.5	0%	4,032.3	2%	3%
Other Agriculture & Non-Fish Food	0.0	0%	5,939.7	2%	0%
Fish Products	0.0	0%	2.4	0%	0%
METALLIC MINERAL PRODUCTS	**0.0**	**0%**	**44,245.7**	**17%**	**0%**
Unwrought Aluminum	0.0	0%	650.8	0%	0%
Other Metallic Mineral Products	0.0	0%	43,594.9	17%	0%
ENERGY PRODUCTS	**86,154.1**	**96%**	**86,376.4**	**33%**	**100%**
Coal	86,154.1	96%	86,154.1	33%	100%
Other Energy Products	0.0	0%	222.3	0%	0%
MACHINERY AND EQUIPMENT	**2,888.7**	**3%**	**44,177.1**	**17%**	**7%**
Motor Vehicles & Parts	0.0	0%	1,274.4	0%	0%
Electrical & Electronic / Communications	952.1	1%	9,171.9	4%	10%
Other Machinery & Equipment	1,936.6	2%	33,730.9	13%	6%
PLASTICS & ARTICLES OF PLASTIC	**60.4**	**0%**	**2,944.3**	**1%**	**2%**
APPAREL & ACCESSORIES	**0.0**	**0%**	**499.3**	**0%**	**0%**
OTHER BC EXPORT COMMODITIES	**624.3**	**1%**	**23,950.3**	**9%**	**3%**
GRAND TOTAL	**90,201.0**	**100%**	**261,358.4**	**100%**	**35%**

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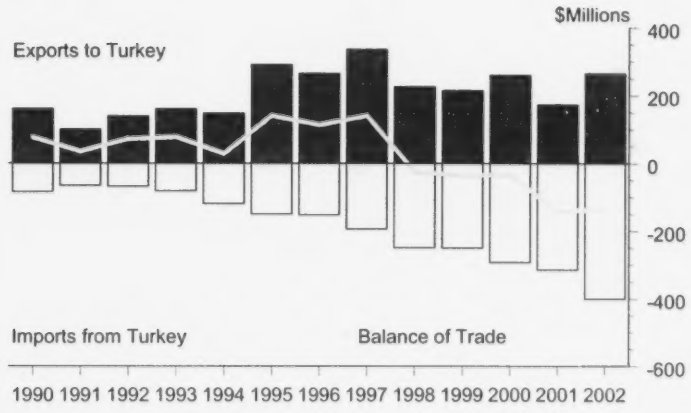
Almost all (96%) of British Columbia's exports to Turkey in 2002 were comprised of coal. Most of the balance was machinery and equipment, particularly medical equipment. With the exception of Ontario, exports from most provinces were not very diversified. Over half of Quebec's shipments consisted of newsprint and all of Newfoundland and Labrador's exports were iron ores and concentrates. For Ontario there was no single commodity that dominated the export picture.

Almost the entire volume of BC origin exports to Turkey in 2002 was comprised of coal

Canadian imports from Turkey are a little more varied, although more than half the value of imports in 2002 was from three general product groups. These top imports were iron and steel, clothing and accessories and ceramic products.

In recent years Canada has imported more goods from Turkey than it has shipped to that country, putting the balance of trade in goods in a deficit situation. Prior to 1998, Canada consistently had a commodity trade surplus with Turkey, but rising imports combined with no growth in exports has tipped the balance in Turkey's favour.

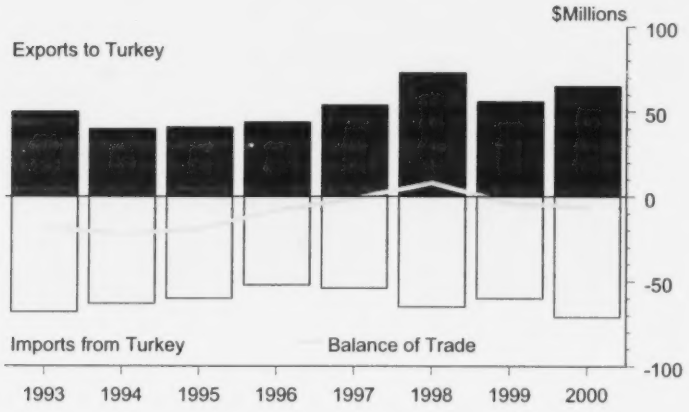
Canada's commodity trade balance with Turkey has moved from surplus to deficit in the last five years



Since 1998, Canada has had a commodity trade deficit with Turkey

Although Canada also has a deficit with Turkey in trade in services, the gap has diminished over the last few years of available data and was in surplus in 1998 before slipping back into deficit. Trade in services between Canada and Turkey is not overly significant at this time. Canadian service imports from Turkey are mainly related to tourism, while Canadian exports are primarily commercial services.

Canada has a slight deficit in trade in services with Turkey



Canada also has a deficit in trade in services with Turkey

Although Turkey does not typically leap to mind when one is thinking about major trading partners for British Columbia, it did rank 18th as a destination for BC exports in 2002, ahead of free trade partners Mexico and Chile. According to the Department of Foreign Affairs and International Trade, Turkey has the 17th largest economy in the world and has over twice the population of Canada with 69 million people. In 2002, according to Statistics Canada, Canadian direct investment in Turkey amounted to $679 million. The Turkish economy is on an upswing offering an opportunity to Canadian firms in both British Columbia and across the country to continue to expand trade. It is already a significant market for BC coal, but there are opportunities to establish a market there for other BC goods, as well as for services in sectors like transportation, mining, and engineering.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Jan 1/03	% change on one year ago
BC	4,155.8	0.8
Canada	31,499.6	0.8
GDP and INCOME		
(BC - at market prices)	2002 Prelim.	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	134,365	2.7
GDP *($ 1997 millions)*	126,141	1.8
GDP *($ 1997 per Capita)*	30,459	0.8
Personal Disposable Income *($ 1997 per Capita)*	19,445	-0.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	2,792	-0.6
Merchandise Exports - Mar	2,617	0.5
Retail Sales - Mar	3,373	-2.9
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Apr '03	% change
BC	120.4	2.6
Canada	121.9	3.1
LABOUR FORCE (thousands)		
(seasonally adjusted)	May '03	% change on prev. month
Labour Force - BC	2,193	0.2
Employed - BC	2,005	-0.4
Unemployed - BC	189	6.5
		Apr '03
Unemployment Rate - BC *(percent)*	8.6	8.1
Unemployment Rate - Canada *(percent)*	7.8	7.5
INTEREST RATES (percent)	Jun 11/03	Jun 12/02
Prime Business Rate	5.00	4.25
Conventional Mortgages - 1 year	4.95	5.55
- 5 year	5.90	7.40
US/CANADA EXCHANGE RATE	Jun 11/03	Jun 12/02
(avg. noon spot rate) Cdn $	1.3529	1.5362
US $ *(reciprocal of the closing rate)*	0.7400	0.6511
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	May '03	% change on one year ago
BC	684.33	2.1
Canada	662.79	1.9

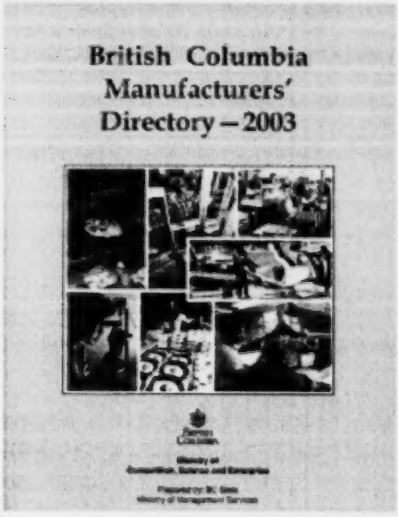
SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2003 Manufacturers' Directory



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- Labour Force Statistics, May 2003

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